

Prime Minutes (2)  
AF 30/11

VALUE-FOR-MONEY IN LOCAL GOVERNMENT

I have been reading the Audit Commission's report for the year ended 31 March 1984.

It reveals:

1. Regularity auditing.

Auditors unearthed 65 cases of fraud during 1983/4 involving a total of £340,000. This figure seems quite low.

2. Value-for-money audits.

a. Purchasing. Local Authorities buy £3 billion of supplies and equipment per annum. Price differentials are wider than you would expect by looking at quality, volume and distribution. The Audit Commission estimate savings of £200 million a year could be achievable.

b. Refuse collection. Since 1978 productivity has risen by 25 per cent under the impact of better management and some contracting out. Further improvements worth £20 million a year could be achievable without changing standards of service.

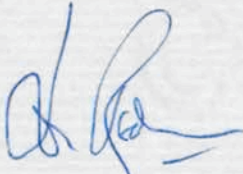
c. Tenants' arrears. At the end of September 1983 £240 million of tenants' arrears was outstanding. Auditors are now chasing the worst authorities to try and get them to collect their rents more promptly.

d. School meals. Improvements which could save over £10 million a year are being pursued by the worst authorities.

e. Changes to improve police productivity worth over £10 million a year have been identified within the police service. Discussions with the Chief Constables and police committees are now in hand. Improvements have been identified which will save £2 million a year.

f. Further education - as we previously reported there is enormous scope for savings in this field. The main ones relate to teaching hours and to the 33-week teaching year.

Added up, these savings amount to well over £250 million - an important contribution to public expenditure control. We feel certain that they are an underestimate and that, given the will, they can be achieved.



JOHN REDWOOD